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February 18, 1997

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FEB 18 1997

Federal Communications Commission
Office of Secretary

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, DC 20554

RE: Written Ex Parte Communication:
Federal-State Joint Board on Universal Service
CC Docket No. 96-45

Dear Mr. Caton:

On February 18, Paul Cain, Director - Government Affairs and Public Policy sent, via facsimile, the attached letter to Pamela Gallant of the Common Carrier Bureau. The letter, sent in response to a request by Ms. Gallant, addresses the Joint Board's recommendation regarding universal service support for first lines to a customer's primary residence. TCG recommends a three-part implementation plan for the Commission's proposal: 1. Customer certification; 2. Database of support-eligible locations; and 3. Periodic audits of statistically significant samples of support recipients. An original and two copies of this letter are being submitted in accordance with Sec. 1.1206(a)(1) of the Commission's rules.

Thank you very much for your assistance in this matter.

Sincerely,

Judith E. Herrman
Manager, Federal Regulatory Affairs

cc: Regina Keeney
Jim Schlichting
Jane Jackson
Richard Lerner

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TCG**RECEIVED****FEB 18 1997**

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February 18, 1997

Federal Communications Commission
Office of Secretary

Pamela Gallant
Universal Service Branch
Federal Communications Commission

Via Facsimile: (202) 530-0518

Re: Federal-State Joint Board on Universal Service
CC Docket No. 96-45

Dear Ms. Gallant:

In response to your inquiry of February 10, 1997, TCG has prepared the following proposal to implement the Joint Board's recommendation regarding universal service support for first lines to a customer's primary residence.

In Paragraph 89 of its Recommended Decision, the Joint Board proposed that support to residential customers "... be limited to those services carried on a single connection to a subscriber's principal residence." The Board further concluded "... that support for a single connection will permit a household complete access to telecommunications and information services." TCG agrees with both the Joint Board's reasoning and its conclusion, and we have expressed our unqualified support in our comments in this proceeding. Those who oppose the proposed policy argue that it will require extraordinary enforcement efforts by the Commission or by the Fund administrator. TCG acknowledges that the cost of implementing any audit and control system must be measured against the expected value of the fraud to be prevented. Under the proposal outlined below, TCG believes that the integrity of the universal service support system can be maintained simply and at relatively low cost.

TCG proposes that the fund administrator shoulder most of the work, with intervention by state commissions and the FCC only to settle disputes. State commissions would hear disputes first, and the FCC would hear only appeals of state commission decisions. Once properly established, the fund should be self-supporting and self-policing, and intervention by either a state commission or the FCC should be infrequent.

TCG's solution has three components: 1. Customer certification; 2. Database of support-eligible locations; 3. Periodic audits of statistically significant samples of support recipients.

Customer Self-Certification. TCG proposes to require customers to designate one carrier as their primary local exchange carrier to whom support will flow for the provision of the customer's first line. Additional lines, whether provided by the primary LEC or some other LEC, would not be eligible for support.

Database of Support-Eligible Locations. This presents the largest technical hurdle, but there are two options readily available.

The First Option would use existing Customer Account Record Exchange ("CARE") databases maintained by each local exchange and interexchange carrier. Each record in a CARE database contains the service address for every customer in each local exchange carrier's service territory. The strength of the CARE approach is that it is already automated and available. In addition, LEC CARE records can be compared to IXC CARE records as a preliminary, but by no means foolproof, check on the accuracy of the records. The weakness of the CARE approach is that data entry is not necessarily uniform and 100% accurate. Also, the IXC-LEC check is not foolproof and can be circumvented (e.g., a customer could choose a different LEC and a different IXC for second-line service.)

The Second Option would rely upon county and municipal records and databases to identify the addresses of high cost consumers. The strength of this approach is that there is unlikely to be any duplication of records or incentive to misreport data. The weakness is that county and municipal records may not be automated or readily available.

One or the other of these databases (CARE or government) would be mapped into the database of high cost areas as established by the cost studies to create a new Universal Service database ("USDB") of those addresses in high cost areas. The criteria for extracting records from the CARE or government databases might be 5- or 9-digit zip codes, at least initially. Other extract criteria might be added or substituted to develop a more refined USDB.

The fund administrator would check each carrier's request for funding for a particular address against the records in the USDB to determine the validity of the request. Multiple support requests for one address, for example, or requests for addresses not in the USDB would be denied pending further investigation. This would be the primary check point of the system's integrity.

Periodic Audits. Finally, to further ensure the integrity of this system, an independent auditor would periodically verify the accuracy of the database and the requests for support. The audits would comprise a statistically significant subset of database records and requests and need not encompass the entire database or every request. Deliberate attempts to defraud the universal service fund, by carriers or customers, should be punished with stiff fines.

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Providing support to only the customer's primary residence adds an additional wrinkle to the audit and control of the fund. At this time, TCG can recommend only social security numbers as the means of identifying customers with telephone service to multiple dwellings. The CARE records have space for each customer's SSN, and county and municipal governments certainly have access to that information for their citizens (non-citizens pose a problem in this regard). In a manner similar to the screening for multiple requests for support for one address, the administrator would examine the USDB for identical social security numbers. If one social security number appears in the database more than once, the Administrator would request the respective state commissions to investigate to determine the customer's primary residence. This approach is not foolproof either, however, as a married couple may order telephone service in the husband's name (and SSN) at one residence and in the wife's name (and SSN) at the other residence. Nevertheless, it appears to be the best alternative available.

The Joint Board's recommendation is fundamentally sound and feasible, and TCG looks forward to working with the Commission to develop a cost-effective means of verifying support eligibility.

If we can be of any further assistance, please do not hesitate to call me.

Sincerely,



Paul E. Cain
Director, Government Affairs and Public Policy